

Munsee - Delaware Nation
Consolidated Financial Statements
March 31, 2017

Munsee - Delaware Nation
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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Munsee - Delaware Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow Sarnia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Munsee - Delaware Nation and meet when required.

On Behalf of Munsee - Delaware Nation:



Chief



Council

August 24, 2017

Independent Auditor's Report

To The Members Of Munsee - Delaware Nation

We have audited the accompanying consolidated balance sheet of Munsee - Delaware Nation and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our qualified audit opinion.

**Independent
Auditor's Report cont'd....**

Basis for Qualified Opinion

Under Section 3150 of the Canadian Public Sector Accounting Handbook the First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized and as a result no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Munsee - Delaware Nation and its subsidiaries as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting for CMHC specific housing assets and operations. Those financial statements are prepared to assist Munsee - Delaware Nation with First Nations Section 95 Social Housing Operation to comply with the reporting provisions of the funding agreement between Munsee - Delaware Nation First Nation Section 95 Social Housing Operation and CMHC. As a result, the CMHC department financial statements may not be suitable for another purpose. The report is intended solely for the Munsee - Delaware Nation and CMHC and should not be used by parties other than Munsee - Delaware and CMHC.

Other Matter

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.



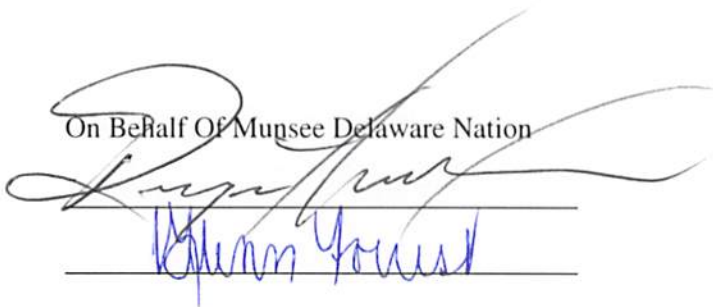
**Sarnia, Ontario
August 24, 2017**

**Chartered Professional Accountants
Licensed Public Accountants**

Munsee - Delaware Nation
Consolidated Statement of Financial Position
March 31, 2017

	2017	2016
Financial Assets		
Cash (note 2)	\$ 1,793,723	\$ 1,265,749
Trust Funds in Ottawa (note 6)	80,791	79,320
Accounts receivable (note 3)	1,277,528	296,581
Investment - Paradise Bingo (note 13)	-	(911,881)
Loans Receivable From Members (note 5)	788,144	797,697
Related Party Transactions (note 4)	-	1,463,273
Total Financial Assets	<u>3,940,186</u>	<u>2,990,739</u>
Liabilities		
Current Liabilities		
Bank loan (note 12)	55,000	70,000
Accounts payable and accrued liabilities (note 8)	859,513	315,716
Payable to funding source (note 9)	98,960	29,899
Deferred revenue (note 11)	239,862	61,600
Current portion of long-term debt (note 10)	614,774	85,055
Long-term debt (note 10)	424,974	1,042,046
Deferred Capital Contribution (note 11)	3,800,000	1,328,411
Total Liabilities	<u>6,093,083</u>	<u>2,932,727</u>
Net Financial Assets	<u>(2,152,897)</u>	<u>58,012</u>
Non-Financial Assets		
Tangible capital assets (note 7)	9,323,175	7,360,633
Prepaid expenses	41,673	30,029
	<u>9,364,848</u>	<u>7,390,662</u>
Accumulated Surplus	<u>\$ 7,211,951</u>	<u>\$ 7,448,674</u>

On Behalf Of Munsee Delaware Nation



William Young

**Munsee - Delaware Nation
Consolidated Statement Of Operations
For The Year Ended March 31, 2017**

	Budget	2017	2016
Revenue			
INAC- Fixed	\$ 2,712,389	\$ 718,927	\$ 505,687
INAC- Set	459,183	459,183	779,382
INAC- Grant	196,805	182,491	182,405
Health Canada	295,426	278,006	328,374
OFNLP	546,675	618,537	546,674
Stepping Stones	497,228	473,574	468,268
License fees/ Charity shares	100,000	489,046	450,174
Ministry of Education	504,800	510,200	480,774
Ministry of Health & Long-Term Care	50,000	33,691	50,493
SFNS	214,691	221,399	216,837
CMHC	434,229	459,177	40,055
Ontario Early Years	3,596	1,798	-
Union of Ontario Indians	878,041	905,070	80,536
Other	82,595	140,519	187,577
Rental	224,468	233,583	280,682
Administration	245,837	278,639	281,648
Repayable to Funding Source	-	(48,096)	(13,280)
Adjustment Prior Year	-	(62,292)	-
Deferred Revenue- Beginning	61,600	61,599	70,706
Deferred Revenue- Ending	-	(87,782)	(61,599)
	<u>7,507,563</u>	<u>5,867,269</u>	<u>4,875,393</u>
Expenditures			
Administration	1,992,606	1,671,832	1,379,442
Maintenance & Infrastructure	1,113,319	54,052	60,784
Education	771,141	776,235	774,471
Daycare	696,255	694,994	692,595
Social services	414,301	458,774	446,626
OFNLP	190,000	126,746	123,991
Health	528,890	523,045	448,809
Employment assistance	170,073	166,840	129,687
Housing	607,620	628,948	164,831
Community development	-	23,726	-
Amortization	300,750	305,829	330,455
	<u>6,784,955</u>	<u>5,431,021</u>	<u>4,551,691</u>
Annual Surplus	<u>\$ 722,608</u>	436,248	323,702
Paradise Bingo		911,881	(288,996)
Charity Association loan - Write off		(1,592,907)	-
Replacement Reserve		8,055	8,984
Annual Surplus (Deficit)		<u>(236,723)</u>	<u>43,690</u>
Accumulated Surplus at Beginning of Year		<u>7,448,674</u>	<u>7,404,984</u>
Accumulated Surplus at End of Year (note 14)		<u>\$ 7,211,951</u>	<u>\$ 7,448,674</u>

Munsee - Delaware Nation
Consolidated Statement Of Changes in Net Financial Assets
For The Year Ended March 31, 2017

	2017	2016
Annual Surplus (Deficit)	\$ (236,723)	\$ 43,690
Acquisition of tangible capital assets (note 7)	(2,268,359)	(525,669)
Amortization of tangible capital asset (note 7)	<u>305,817</u>	<u>330,457</u>
	(2,199,265)	(151,522)
Use of Prepaid Expenses	<u>(11,644)</u>	<u>54,516</u>
Change in Net Financial Assets	(2,210,909)	(97,006)
Net Financial Assets at Beginning of Year	<u>58,012</u>	<u>155,018</u>
Net Financial Assets at End of Year	<u><u>\$(2,152,897)</u></u>	<u><u>\$ 58,012</u></u>

**Munsee - Delaware Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2017**

	2017	2016
Cash Provided By (Used For)		
Operating Activities		
Annual surplus (deficit)	\$ (236,723)	\$ 43,690
Items not requiring cash:		
Amortization	<u>305,817</u>	<u>330,457</u>
	69,094	374,147
Change in non-cash working capital items affecting operations:		
Accounts receivable	(980,947)	140,974
Prepaid expenses	(11,644)	54,516
Related party transactions	1,463,273	(425,919)
Accounts payable and accrued liabilities	543,797	105,987
Deposit	-	126,044
Deferred revenue	178,262	(19,106)
Payable to funding source	<u>69,061</u>	<u>13,280</u>
	<u>1,330,896</u>	<u>369,923</u>
Capital Activities		
Purchase of property, plant and equipment	<u>(2,268,359)</u>	<u>(525,669)</u>
Investing Activities		
Trust funds in Ottawa	(1,471)	(1,648)
Investment - Paradise Bingo	(911,881)	288,996
Decrease of housing loans	<u>9,553</u>	<u>4,506</u>
	<u>(903,799)</u>	<u>291,854</u>
Financing Activities		
Decrease of bank loan	(15,000)	(15,000)
Deferred capital contribution	2,471,589	186,628
Repayment of long-term debt	<u>(87,353)</u>	<u>(81,050)</u>
	<u>2,369,236</u>	<u>90,578</u>
Increase (Decrease) In Cash Position	527,974	226,686
Cash Position, Beginning	<u>1,265,749</u>	<u>1,039,063</u>
Cash Position, Ending	<u>\$ 1,793,723</u>	<u>\$ 1,265,749</u>

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

1. Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Consolidation with the CMHC financial statements differs from the Canadian public sector accounting standards as Munsee-Delaware Nation is required to comply with the funding agreement between First Nation Section 95 Social Housing Operation and CMHC for those specific housing assets and operations.

Reporting Entity

The Munsee-Delaware Nation reporting entity includes the Munsee-Delaware Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

These consolidated financial statements have been prepared in accordance with general accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting Handbook, as well as the Year-End Reporting Handbook for First Nations, except for the fact that the First Nation has not accounted for tangible capital assets prior to 1998, or amortization thereon.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Investments

The investment in Paradise Bingo is accounted for using the modified equity method.

Financial Instruments

The company initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The company subsequently measures all its financial instruments at amortized cost.

Financial instruments measured at amortized cost include cash, trust funds in Ottawa, accounts receivable, loans receivable from members, related party transactions, bank loans, accounts payable and accrued liabilities, payable to funding source and long-term debt.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

1. Significant Accounting Policies cont'd...

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of the write-down, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has been previously reported as a reduction in the asset and it does not exceed original cost.

Income Taxes

Income taxes are not reflected on these financial statements as the First Nation's operations are conducted entirely on reserve lands and are therefore not taxable.

Revenue Recognition

All revenues are recorded on an accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization of tangible capital assets is calculated using the straight-line method using the following rates:

Buildings	40 years
CMHC buildings	Per Section 95 First Nation Housing agreement
Bingo hall building	40 years
Parking lot	20 years
Machinery and equipment	10 years
Automotive equipment	10 years
Furniture and fixtures	10 years
Computer hardware	3 years
Wiigwaam	40 years
Bingo hall sign	10 years

Amortization for assets supported by long-term debt per Section 95 agreement is at a rate equivalent to the long-term debt principal repayment.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

1. Significant Accounting Policies cont'd...

Use Of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates and assumptions include those related to useful lives of assets, collectibility of receivables, allowance for doubtful accounts, accrued liabilities and the fair value of financial instruments. While management believes these estimates and assumptions are reasonable, actual results could differ from those estimates.

2. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Munsee-Delaware Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Munsee-Delaware Nation is also required to have trust funds held by the Government of Canada in a separate bank account. These funds increase annually by the interest earned. They can be withdrawn for their intended purposes if requested. Cash and cash equivalents is comprised of the following:

	2017	2016
Externally Restricted		
CMHC Replacement Reserve	\$ 144,394	\$ 136,339
Funds held in trust by government of Canada	<u>80,791</u>	<u>79,320</u>
	225,185	215,659
Unrestricted		
Operating	<u>1,568,538</u>	<u>1,050,090</u>
Total Cash and Cash Equivalents	<u>\$ 1,793,723</u>	<u>\$ 1,265,749</u>

3. Accounts Receivable

	2017	2016
Federal Funding		
INAC	\$ 667,870	\$ 215,354
CMHC	<u>66,027</u>	<u>-</u>
	733,897	215,354
Provincial Funding		
Ministry of Health & Long-Term Care	11,169	5,567
Ministry of Education	<u>252,863</u>	<u>-</u>
	264,032	5,567

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

3. Accounts Receivable cont'd...

2017

2016

Other Receivables

SFNS employment and training

167,729

23,615

Union of Ontario Indians

29,691

360

Stepping Stones

48,644

23,453

Funeral arrangements

14,912

14,912

Miscellaneous

18,623

13,320

279,599

75,660

\$ 1,277,528

\$ 296,581

4. Related Parties Transactions

The First Nation's advance and the amounts due from related companies are interest-free with no set terms of repayment. As of March 31, 2017, the balance owing (to)/from are as follows:

2017

2016

Paradise Bingo

\$ -

\$ 187,348

Charity Association

-

1,275,925

\$ -

\$ 1,463,273

5. Loans Receivable

2017

2016

Housing loans

\$ 526,597

\$ 619,969

Royal home loans

788,144

797,697

1,314,741

1,417,666

Allowance for doubtful accounts

(526,597)

(619,969)

\$ 788,144

\$ 797,697

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

6. Funds Held in Trust By Government of Canada

The funds held in trust by the Government of Canada on behalf of the organization consist of the following:

	Revenue Fund	Capital Fund	2017	2016
Balance, beginning	\$ 74,180	\$ 5,140	\$ 79,320	\$ 77,672
Interest income	<u>1,471</u>	<u>-</u>	<u>1,471</u>	<u>1,648</u>
Balance, ending	<u>\$ 75,651</u>	<u>\$ 5,140</u>	<u>\$ 80,791</u>	<u>\$ 79,320</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

7. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2017	Total 2016
Work in Progress - water plant	\$ 993,078	\$ 1,615,054	\$ 2,608,132	\$ -	\$ -	\$ -	\$ 2,608,132	\$ 993,078
Work in Progress - Multiplex	-	589,865	589,865	-	-	-	589,865	-
Land	54,391	63,440	117,831	-	-	-	117,831	54,391
Buildings	5,092,736	-	5,092,736	2,257,771	127,318	2,385,089	2,707,644	2,834,962
Furniture and fixtures	487,054	-	487,054	461,293	(8,432)	452,861	34,193	25,761
CMHC buildings	1,286,285	-	1,286,285	739,041	60,984	800,025	486,260	547,244
Bingo Hall building	420,401	-	420,401	115,241	10,534	125,775	294,626	305,160
Bingo Hall parking lot	109,030	-	109,030	46,946	5,449	52,395	56,635	62,084
Machinery and equipment	320,736	-	320,736	269,462	14,010	283,472	37,264	51,274
Community Centre parking lot	106,285	-	106,285	26,570	5,315	31,885	74,400	79,715
Automotive equipment	210,084	-	210,084	173,156	15,370	188,526	21,558	36,928
Computer hardware	21,306	-	21,306	21,306	-	21,306	-	-
Small Business Community Centre	2,568,049	-	2,568,049	321,008	64,199	385,207	2,182,842	2,247,041
Wiigwaam project	80,493	-	80,493	8,048	2,012	10,060	70,433	72,445
Community Centre sign	37,890	-	37,890	20,423	5,914	26,337	11,553	17,467
Bingo sign	52,673	-	52,673	19,590	3,144	22,734	29,939	33,083
	<u>\$ 11,840,491</u>	<u>\$ 2,268,359</u>	<u>\$ 14,108,850</u>	<u>\$ 4,479,855</u>	<u>\$ 305,817</u>	<u>\$ 4,785,672</u>	<u>\$ 9,323,175</u>	<u>\$ 7,360,633</u>

Notes continued on page 14....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

8. Accounts Payable and Accrued Liabilities	2017	2016
Trades payable	\$ 775,822	\$ 282,428
Other accrued liabilities	<u>83,691</u>	<u>33,288</u>
	<u>\$ 859,513</u>	<u>\$ 315,716</u>

9. Payable to Funding Source	2017	2016
Federal government	\$ 72,084	\$ 13,101
Provincial government	<u>26,876</u>	<u>16,798</u>
	<u>\$ 98,960</u>	<u>\$ 29,899</u>

10. Long-Term Debt	2017	2016
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.11%, due April 1, 2021, monthly payments of \$2,650 principal and interest, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	\$ 206,710	\$ 236,452
Residential Housing Loan by CMHC under Section 95 of the National Housing Act -1.30% due December 1, 2020, repayable in monthly instalments of \$2,923 principal and interest, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	279,550	310,792
Residential Housing Loan by Bank of Montreal - 4.49% due October 31, 2017, repayable in monthly instalments of \$4,317 principal and interest, secured by First Nation owned housing units.	<u>553,488</u>	<u>\$ 579,857</u>
	<u>1,039,748</u>	<u>1,127,101</u>
Current portion	<u>614,774</u>	<u>85,055</u>
	<u>\$ 424,974</u>	<u>\$ 1,042,046</u>

The principal reduction required over the next five years is:

2018	\$ 614,774
2019	62,031
2020	62,784
2021	214,065
2022	<u>86,094</u>
	<u>\$ 1,039,748</u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

11. Deferred Revenue	2017	2016
Education	\$ 22,558	\$ 20,165
CRF funding	-	12,578
EI Part II	24,328	-
CMHC RRAP	42,080	-
CRF childcare	<u>40,896</u>	<u>28,856</u>
	<u>\$ 239,862</u>	<u>\$ 61,600</u>
Deferred Capital Contribution		
INAC- water treatment plant	\$ 3,000,000	\$ 1,328,411
INAC- Multiplex	<u>800,000</u>	<u>-</u>
	<u>\$ 3,800,000</u>	<u>\$ 1,328,411</u>

12. Bank Loans	2017	2016
Water extension	<u>\$ 55,000</u>	<u>\$ 70,000</u>

The operating loan is due on demand and bear interest at the bank's prime rate plus 1%, calculated and payable monthly. They are secured by a general security agreement covering all assets except real property.

13. Paradise Bingo Investment (Unaudited)	2017	2016
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Munsee Delaware Nation owns 100% of 1748960 Ontario Limited O/A Paradise Bingo.

Continuity of Investment

Balance, beginning of year	\$ (911,881)	\$ (622,885)
Share of net income (loss)	901,158	(288,996)
Adjustment	<u>10,723</u>	<u>-</u>
Net increase (decrease) in equity, during the year	<u>911,881</u>	<u>(288,996)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ (911,881)</u>

The income (loss) from the enterprises is reported on the statement of operations. Cash advances to or from the enterprises are recorded as an increase or decrease in the investment in the enterprises. The Paradise Bingo investment is considered a government business entity, however consolidation in this report is for information purpose only and the statements for Paradise Bingo do not reflect any opinion and are strictly complied financial statements prepared with information provided by the Paradise Bingo management.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

13. Paradise Bingo Investment (Unaudited) cont'd....	2017	2016
Financial Position		
Assets	\$ <u>15,969</u>	\$ <u>28,376</u>
Liabilities	<u>15,969</u>	<u>929,534</u>
Deficit	<u>-</u>	<u>(901,158)</u>
	\$ <u><u>15,969</u></u>	\$ <u><u>28,376</u></u>
Results of Operations		
Revenue	\$ <u>615,637</u>	\$ <u>548,786</u>
Expenditures	<u>(285,521)</u>	<u>837,782</u>
Surplus (Deficiency) Of Revenues Over Expenditures	\$ <u><u>901,158</u></u>	\$ <u><u>(288,996)</u></u>

14. Accumulated Surplus	2017	2016
Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:		
Surplus		
Invested in tangible capital assets	\$ <u>9,323,175</u>	\$ <u>7,360,633</u>
Equity in Paradise Bingo	<u>-</u>	<u>(911,881)</u>
	\$ <u><u>9,323,175</u></u>	\$ <u><u>6,448,752</u></u>
Reserves		
Operating	\$ <u><u>(2,255,618)</u></u>	\$ <u><u>863,583</u></u>
Reserves Funds		
CMHC	\$ <u><u>144,394</u></u>	\$ <u><u>136,339</u></u>
Accumulated Surplus	\$ <u><u>7,211,951</u></u>	\$ <u><u>7,448,674</u></u>

15. Expenses By Object	2017	2016
Administration	\$ <u>283,773</u>	\$ <u>206,952</u>
Amortization	<u>305,829</u>	<u>330,455</u>
Interest and bank charges	<u>54,317</u>	<u>59,822</u>
Office and other	<u>1,961,675</u>	<u>502,903</u>
Operations and maintenance	<u>1,274,919</u>	<u>329,502</u>
Professional services	<u>314,960</u>	<u>202,276</u>
Social assistance payments	<u>432,667</u>	<u>586,127</u>
Utilities	<u>187,351</u>	<u>146,426</u>
Program delivery	<u>959,959</u>	<u>955,112</u>
Wages and benefits	<u>1,248,478</u>	<u>1,232,116</u>
	\$ <u><u>7,023,928</u></u>	\$ <u><u>4,551,691</u></u>

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16. Segmented Information

Munsee-Delaware Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements and limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the service they provide, are as follows:

Administration

Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

Maintenance & Infrastructure

Manages the repairs and maintenance for the roads, bridges and community buildings. Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

Education

Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

Daycare

Manages the activities of the First Nation's children's daycare program.

Social Services

Administers the provision of social assistance to qualifying members.

OFNLP

Undertakes activities of the Ontario First Nation Limited Partnership fund, which derives revenue from gaming facilities located in the Province of Ontario.

Health

Provides a variety of health care programs and support to First Nation members.

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Notes To Consolidated Financial Statements
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16. Segmented Information cont'd...

Employment Assistance

Provides employment assistance to members of the First Nation.

Housing

Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

Community Development

Undertakes activities of the Munsee-Delaware Nation Service Club

Munsee- Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

16. Segmented information

	<u>Administration</u>		<u>Maintenance & Infrastructure</u>		<u>Education</u>		<u>Daycare</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES								
INAC	\$ 332,884	475,316	45,207	45,008	763,014	742,086	57,900	57,900
Union of Ontario Indians	699,220				53,617			
Health Canada								
Ministry of Education							510,200	480,774
Ministry of Health								
Stepping Stones								
CMHC	9,055							
Admin Fees	278,639	281,648						
Rental	195,502	114,032						
SFNS							90,838	90,838
OFNLP								
MDN Gaming Revenue								
Other	184,977	242,088		(3,000)	1,080	28,535	39,374	44,991
	<u>1,700,277</u>	<u>1,113,084</u>	<u>45,207</u>	<u>42,008</u>	<u>817,711</u>	<u>770,621</u>	<u>698,312</u>	<u>674,503</u>
Repayable to funding source					(45,563)			
Deferred revenue - beginning of year					20,165	26,021	28,856	42,475
Deferred revenue - end of year					(22,558)	(20,165)	(40,896)	(28,856)
Total revenues	<u>1,700,277</u>	<u>1,113,084</u>	<u>45,207</u>	<u>42,008</u>	<u>860,434</u>	<u>816,807</u>	<u>768,064</u>	<u>745,834</u>
EXPENDITURES								
Administration	51,593	2,482		6,751	49,689	39,830	90,304	83,355
Amortization	244,845	274,515						
Interest and bank charges	48,080	45,192						
Office and other	268,818	350,044			4,358	17,029	21,050	23,264
Operations and maintenance	665,288	90,217	5,771	9,644	336		39,838	109,830
Professional services	202,199	146,660	40,800	40,800	24,468		747	1,431
Social assistance payments	7,441	225,395						
Utilities	123,743	77,762	7,198	3,589	305	3,607	29,944	29,212
Program Delivery	21,488		283		609,176	661,991	91,743	61,943
Wages and benefits	283,182	441,690			87,903	52,014	421,368	383,560
Total expenses	<u>1,916,677</u>	<u>1,653,957</u>	<u>54,052</u>	<u>60,784</u>	<u>776,235</u>	<u>774,471</u>	<u>694,994</u>	<u>692,595</u>
Adjustment to prior year surplus					(61,444)			
Excess surplus (deficiency) of revenue over expenses	<u>\$ (216,400)</u>	<u>(540,873)</u>	<u>(8,845)</u>	<u>(18,776)</u>	<u>22,755</u>	<u>42,336</u>	<u>73,070</u>	<u>53,239</u>

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Munsee- Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2017

16. Segmented Information

	Social Services		OFNLP		Health		Employment Assistance	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUES								
INAC	\$				15,000	15,000	26,000	10,800
Union of Ontario Indians					152,233	80,536		
Health Canada					278,006	328,374		
Ministry of Education								
Ministry of Health					33,691	50,493		
Stepping Stones	443,170	457,931			11,377	10,337	19,027	
CMHC								
Admin Fees								
Rental								
SFNS								
OFNLP			618,537	546,674			130,561	125,999
MDN Gaming Revenue								
Other	392	(1,538)	4,852	3,176	3,675	3,675		
	443,562	456,393	623,389	549,850	493,982	488,415	175,588	136,799
Repayable to funding source	(2,533)	(10,086)				(2,001)		(1,193)
Deferred revenue - beginning of year							12,578	2,210
Deferred revenue - end of year							(24,328)	(12,578)
Total revenues	441,029	446,307	623,389	549,850	493,982	486,414	163,838	125,238
EXPENDITURES								
Administration	12,615	12,615			47,649	38,494	13,834	5,220
Amortization								
Interest and bank charges								
Office and other	14,190	6,259	17,071	74,881	25,155	15,118	1,961	3,013
Operations and maintenance			12,398		17,760	27,974		
Professional services		150	32,000	90	11,246	9,645		
Social assistance payments	372,932	353,712	16,344	7,020				
Utilities	1,531	1,316			12,703	15,476		
Program Delivery	4,499	12,541	48,933	42,000	135,516	101,280	53,949	67,457
Wages and benefits	53,007	60,033			273,016	240,822	97,096	53,997
Total expenses	458,774	446,626	126,746	123,991	523,045	448,809	166,840	129,687
adjustment to prior year surplus					(848)			
Excess surplus (deficiency) of revenue over expenses	\$ (17,745)	(319)	496,643	425,859	(29,911)	37,605	(3,002)	(4,449)

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Munsee- Delaware Nation
Notes To Consolidated Financial Statements
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16. Segmented Information

	<u>Housing</u>		<u>Community Development</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES						
INAC	\$ 120,596	121,364			1,360,601	1,467,474
Union of Ontario Indians					905,070	80,536
Health Canada					278,006	328,374
Ministry of Education					510,200	480,774
Ministry of Health					33,691	50,493
Stepping Stones					473,574	468,268
CMHC	450,122	40,055			459,177	40,055
Admin Fees					278,639	281,648
Rental	38,081	166,650			233,583	280,682
SFNS					221,399	216,837
OFNLP					618,537	546,674
MDN Gaming Revenue			361,666	319,824	361,666	319,824
Other	35,247		100		269,697	317,927
	<u>644,046</u>	<u>328,069</u>	<u>361,766</u>	<u>319,824</u>	<u>6,003,840</u>	<u>4,879,566</u>
adjustment to prior year surplus					(62,292)	
Repayable to funding source					(48,096)	(13,280)
Deferred revenue - beginning of year					61,599	70,706
Deferred revenue - end of year					(87,782)	(61,599)
Total revenues	<u>644,046</u>	<u>328,069</u>	<u>361,766</u>	<u>319,824</u>	<u>5,867,269</u>	<u>4,875,393</u>
EXPENDITURES						
Administration	18,089	18,205			283,773	206,952
Amortization	60,984	55,940			305,829	330,455
Interest and bank charges	6,237	14,630			54,317	59,822
Office and other	16,165	13,295	1,592,907		1,961,675	502,903
Operations and maintenance	532,996	91,837	532		1,274,919	329,502
Professional services	3,500	3,500			314,960	202,276
Social assistance payments			23,194		419,911	586,127
Utilities	11,927	15,464			187,351	146,426
Program Delivery	7,128	7,900			972,715	955,112
Wages and benefits	32,906				1,248,478	1,232,116
Total expenses	<u>689,932</u>	<u>220,771</u>	<u>1,616,633</u>	<u>0</u>	<u>7,023,928</u>	<u>4,551,691</u>
Excess surplus of revenue over expenses	<u>\$ (45,886)</u>	<u>107,298</u>	<u>(1,254,867)</u>	<u>319,824</u>	<u>(1,156,659)</u>	<u>323,702</u>

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Notes To Consolidated Financial Statements
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17. Financial Instruments Risks Disclosures

The main risks of Munsee-Delaware Nation financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

The Munsee-Delaware Nation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. The Munsee-Delaware Nation believes there is high risk associated with these amounts due to nonpayment's to housing loans.

Liquidity Risk

Liquidity risk relates to the risk the Munsee-Delaware Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of Munsee-Delaware Nation financial instruments are in Canadian dollars and consequently is not subject to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Munsee-Delaware Nation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Munsee-Delaware Nation is not exposed to other price risk.

Changes in Risk Assessments

There have been no significant changes in these risk exposures from the prior year.